

Message Text

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ACTION ARA-17

INFO OCT-01 ADP-00 CU-04 TRSY-11 INT-08 AGR-20 AID-20

EB-11 NSC-10 RSC-01 CIEP-02 SS-15 STR-08 OMB-01

CEA-02 CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07

OPIC-12 LAB-06 SIL-01 SAL-01 DODE-00 PM-09 H-02 L-03

PA-03 PRS-01 USIA-12 RSR-01 /201 W

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R 031621 Z APR 73

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 9290

INFO AMEMBASSY KINGSTON

USCINCSO FOR POLAD

AMEMBASSY BRIDGETOWN

AMEMBASSY GEORGETOWN

AMEMBASSY PORT OF SPAIN

C O N F I D E N T I A L CARACAS 2812

E. O. 11652 GDS

TAGS: PFOR OVIP JM VE (MANLEY, MICHAEL)

SUBJECT: JAMAICAN PRIME MINISTER MICHAEL MANLEY VISITS VENEZUELA
MARCH 28-31

REF: CARACAS 2777 (NOTAL)

1. FOUR- DAY MANLEY VISIT WAS APPARENTLY REGARDED BY BOTH SIDES AS
SUCCESSFUL, AND WAS CONSIDERED BY VENEZUELA PARTICULARLY
SIGNIFICANT

ADJUNCT OF CARIBBEAN POLICY. OFFICIAL PROGRAM SUBORDINATED
EXCESS PROTOCOL TO WORKING CONFERENCES OF ECONOMIC AND
COMMERCIAL

NATURE, FEATURING LONG DISCUSSIONS WITH MINISTERS OF FOREIGN
AFFAIRS, AGRICULTURE, MINES AND HYDROCARBONS, HEADS OF STATE OIL
COMPANY CVP, INSTITUTE OF FOREIGN COMMERCE, AND CORDIPLAN PLUS
BUSINESS AND COMMERCIAL LEADERS. MANLEY ALSO TOURED VENEZUELA' S
HEAVY INDUSTRY CENTER IN BOLIVAR STATE.

2. JOINT COMMUNIQUE MOSTLY DEALT WITH BROAD PRINCIPLES AND
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AVOIDED CONTROVERSIAL TOPICS LIKE CUBA. IT DID, HOWEVER, FEATURE SUCH TOPICS RECENTLY FAVORED BY CALDERA AS " IDEOLOGICAL PLURALISM" AND CONTINENTAL SHELF NATURAL RESOURCE RIGHTS. IT BACKED RIGHT OF NATIONS TO MAKE OWN DECISIONS WITH REGARD TO EXPLOITATION AND PROTECTION OF NATURAL R FROM A CONSORTIUM OF U. S. COMMERCIAL BANKS TO FINANCE ANOTHER 45 PER CENT OF THE U. S. COSTS. THE BORROWER, SONATRACH, WILL MAKE A CASH PAYMENT OF 10 PER CENT OF THE U. S. COSTS, OR DOLS 34,980,000. LOCAL COST LOANS FOR THE PROJECT TOTALING DOLS 52,470,000 WILL ALSO BE BACKED BY EXIMBANK' S FINANCIAL GUARANTEE, AND A FURTHER DOLS 190,000,000 WAS RAISED IN THE INTERNATIONAL MARKET FOR THE PROJECT. THE COMMERCIAL BANK PORTION OF THE FINANCING PACKAGE WAS CO- MANAGED BY BANK OF AMERICA, N. T. & S. A., FIRST NATIONAL CITY BANK (ACTING AS AGENT), THE FIRST NATIONAL BANK OF CHICAGO, AND THE FUJI BANK. THE CREDIT WAS ARRANGED BY CITICORP INTERNATIONAL BANK, LTD., CITIBANK' S MERCHANT BANKING SUBSIDIARY IN LONDON. OTHER LENDERS INCLUDED BANK OF MONTREAL, CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO, MARINE MIDLAND BANK OF NEW YORK, TORONTO DOMINION BANK AND UNITED CALIFORNIA BANK.

QUOTE: THE FACILITIES IN ALGERIA WOULD BE PART OF A GLOBAL PROJECT WHICH WOULD ALSO INVOLVE A FLEET OF NINE LNG TANKERS AND LNG RECEIVING AND PROCESSING FACILITIES IN THE U. S. SONATRACH WOULD PRODUCE ABOUT ONE BILLION CUBIC FEET PER DAY OF LNG WHICH WOULD BE SOLD UNDER A 25- YEAR CONTRACT TO EL PASO ALGERIA CORPORATION, A SUBSIDIARY OF EL PASO NATURAL GAS COMPANY OF HOUSTON, TEXAS. EL PASO WOULD SELL THE LNG TO THREE GAS TRANSMISSION COMPANIES IN THE U. S. THE FACILITIES IN ALGERIA, WHICH INCLUDE GAS GATHERING AND PROCESSING FACILITIES IN THE HASSI R' MEL GAS FIELD, A 315 MILE LONG, 40 INCH DIAMETER GAS PIPELINE, AND THE LIQUEFACTION PLANT, ARE THE ONLY PART OF THE GLOBAL PROJECT FOR WHICH EXIMBANK FINANCING WILL BE USED.

QUOTE: CHEMICAL CONSTRUCTION CORPORATION OF NEW YORK WILL BE THE GENERAL CONTRACTOR FOR THE CON-
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STRUCTION OF THE LIQUEFACTION PLANT AND ANCILLARY FACILITIES WHICH WOULD BE LOCATED AT ARZEW, A MEDITERRANEAN SEAPORT IN WESTERN ALGERIA. PROCON

INCORPORATED, DES PLAINES, ILLINOIS, WILL BE THE CONSULTING ENGINEER AND WILL SUPERVISE CONSTRUCTION OF THE LIQUEFACTION PLANT. NUMEROUS U. S. SUB-CONTRACTORS WILL SUPPLY EQUIPMENT FOR THE LIQUEFACTION PLANT.

QUOTE: SUBSIDIARIES OF EL PASO NATURAL GAS COMPANY WILL BE RESPONSIBLE FOR PROVIDING THE LNG TANKERS. THE FACILITIES IN THE U. S. WILL CONSIST OF LNG STORAGE FACILITIES AND REGASIFICATION PLANTS AND CONNECTIONS TO EXISTING TRANSMISSION/ DISTRIBUTION NETWORKS. THESE WILL BE THE RESPONSIBILITY OF THE U. S. GAS PIPELINE COMPANIES. BECHTEL INCORP. HAS PROVIDED AND WILL CONTINUE TO PROVIDE GENERAL COORDINATING SERVICES FOR THE OVERALL PROJECT WHICH WILL COST AN ESTIMATED DOLS 1.9 BILLION.

QUOTE: THE LIQUEFIED NATURAL GAS WILL BE AN IMPORTANT SUPPLEMENT TO MEET CONSUMER DEMANDS, PARTICULARLY ON THE EASTERN SEABOARD OF THE U. S. BECAUSE OF ITS NON- POLLUTING CHARACTERISTICS, THE USE OF THIS PREMIUM FUEL HAS A MINIMAL IMPACT ON THE ECOLOGY OF THE ENVIRONMENT.

QUOTE: THE LOANS ARE TO BE REPAYED IN 24 SEMIANNUAL INSTALLMENTS BEGINNING MAY 10, 1979, WITH EXIMBANK' S DIRECT LOAN OF DOLS 157,410,000 TO BE REPAYED OUT OF THE LAST 12 INSTALLMENTS WITH INTEREST AT AN ANNUAL RATE OF 6 PER CENT ON OUTSTANDING BALANCES. REPAYMENT OF EXIMBANK' S LOAN IS TO BE GUARANTEED BY THE BANQUE ALGERIENNE DE DEVELOPPEMENT, ACTING FOR AN ON BEHALF OF THE GOVERNMENT OF THE DEMOCRATIC AND POPULAR REPUBLIC OF ALGERIA. UNQUOTE. RUSH

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*** Current Handling Restrictions *** n/a

*** Current Classification *** CONFIDENTIAL

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts:
Control Number: n/a
Copy: SINGLE
Draft Date: 03 APR 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973CARACA02812
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: RR
Errors: n/a
Film Number: n/a
From: CARACAS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730431/aaaahksq.tel
Line Count: 153
Locator: TEXT ON-LINE
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 73 CARACAS 2777 (NOTAL)
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags: ANOMALY
Review Date: 06 SEP 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <06-Sep-2001 by freemaal>; APPROVED <02-Nov-2001 by morefirh>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> gwr 971118
Subject: JAMAICAN PRIME MINISTER MICHAEL MANLEY VISITS VENEZUELA MARCH 28-31
TAGS: OVIP, PFOR, JM, VE, (MANLEY, MICHAEL)
To: ARA
BRIDGETOWN
GEORGETOWN
KINGSTON
PORT OF SPAIN
SECSTATE WASHDC
USCINCSO FOR POLAD

Type: TE

Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005